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NATIONAL SECURITY COUNCIL
ACCOUNTING MANUAL

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NATIONAL SECURITY COUNCIL

Accounting Manual

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Section I

INTRODUCTION

The National Security Council was established under Public Law 253, 80th Congress, otherwise called the "National Security Act of 1947".

The function of the Council is to advise the President with respect to the integration of domestic, foreign and military policies relating to the National Security so as to enable the military services and the other departments and agencies of the Government to cooperate more effectively in matters involving the National Security.

Annual appropriations are made by the Congress for the payment of salaries and expenses. The Executive Secretary, under direction of the Council, is authorized, subject to Civil Service Laws and the Classification Act of 1923, as amended, to appoint and fix the compensation of such personnel as may be necessary to perform such duties as may be prescribed by the Council in connection with the performance of its functions.

The Council will follow the provisions of this Accounting Manual, and for supplementary guidance, when required, will utilize the instructions contained in the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies.

Section II

STATEMENT OF ACCOUNTING PRINCIPLES AND POLICIES

A. The Council's system of accounts will conform in all particulars with recognized principles of accounting. In the adoption and application of such principles there will be requisite application of fund and budgetary methods perfected for government use.

B. The following principles and policies will be observed by this Council in compliance with its responsibility for maintaining complete and reliable records concerning the availability of public funds and the subsequent receipt and expenditure of such funds:

1. The availability of public funds and all transactions relating to the receipt and expenditure of such funds will be recorded in a double-entry system of accounts, utilizing a Chart of Accounts developed and maintained in accordance with these principles and policies.

2. The accounts to be utilized will provide for:

- A. Accounting control over income, expenditures, assets (including property) and liabilities, as well as appropriations, utilizing accrual and cost accounting practices to such extent as the results of those practices are considered to be of value to management.

- B. Accounting support for budget presentations, status of appropriations reports, cost of operations, and other financial reports needed by management at the various levels of administrative responsibility within the Council.

3. This system of accounts will be generally consistent with the principles and standards contained in government accounting and financial issuances.

4. All transactions will be approved by appropriate authority before being recorded on the accounting records; transactions will be adequately documented and will be so recorded that they can be readily traced from the original documents to records and from the latter to financial reports.

A. All payments will be based on obligations approved by authorized approving officers, and will be supported by documentation bearing the approval of duly designated certifying officers.

B. All obligations will be supported by documentary evidence as provided in 31 U.S.C.A. Sec. 200 (a).

5. The policies governing the establishment and maintenance of accounting control over the status of appropriations will be as follows:

A. Appropriations - The availability of appropriations for the Council will be placed under accounting control immediately upon receipt of notification of such availability.

B. Appropriation Transfers - Amounts received by the Council as a result of such transfers will be recorded promptly upon receipt as additional available funds. Amounts transferred by the Council will be recorded as a reduction of available funds.

C. Reimbursements and Refunds - Reimbursements and refunds will be recorded promptly on the basis of collections or the establishment of an accounts receivable.

D. Apportionments - The Budget Officer shall be responsible for limiting the sum of authorizations made to the Council to incur obligations for any particular period to an amount which when considered with previous authorizations will not exceed the cumulative amount of apportionments made by the Bureau of the Budget for the corresponding period. Apportionments will be recorded quarterly.

E. Allotments - Allotment authorizations made will be recorded in the month of issuance as a basis for establishing an accounting control over authorizations made for the obligation of funds.

F. Obligations

(1) Valid obligations incurred will be recorded as charges against allotment authorizations promptly upon receipt of notice of incurrence.

In cases where the precise amounts of obligations are not known at the time they are incurred, the best estimates of the amounts which will subsequently be paid will be used.

(2) Obligations will be liquidated on the basis of the establishment of liabilities for goods and services received and other assets acquired, cash expenditures, adjustments, or cancellations.

G. Expenditures

(1) Expenditures will occur from either a cash payment or establishment of an account payable.

(2) The establishment of an account payable will be reflected in the allotment ledger as a "payable" expenditure; the subsequent liquidation of the payable by cash payment will be reflected as a "cash" expenditure and as a reversal of the "payable" expenditure. The disbursement of cash in liquidation of an obligation not previously liquidated by establishment of an account payable will be initially recorded as a "cash" expenditure.

(3) Differences in expenditures (both "cash" and "payable") and previously recorded amounts will restore or further reduce the unobligated balances.

(4) Refunds will be posted in the cash expenditure column of the allotment ledger as a "red" or negative figure and will increase the unobligated balance column.

6. The policies governing the establishment and maintenance of accounting control over assets, liabilities, costs, and income will be as follows:

A. Disbursing Funds

(1) All monies received will be placed under accounting control immediately upon receipt.

(2) Disbursements will be made upon proper authorization and certification.

B. Advances

(1) Adequate accounting control will be maintained for the status of each advance made.

(2) Advances will be liquidated by a refund of cash, accounting and/or adjustment.

C. Property - Property will be capitalized at cost with concurrent establishment of a 100 percent reserve for depreciation (see Section V, Property Accounting).

D. Receivables

(1) Receivables, estimated or actual, as are properly identified and supported by authenticated documents will be recorded.

(2) Receivables will be approved by properly authorized approving officials.

E. Accounts Payable

(1) All liabilities for goods or services received (including accrued expenses) will be recorded as accounts payable in the month in which received.

(2) Payables will be approved by properly authorized approving officials.

F. Deposit Liabilities

(1) Deposit liability monies received or withheld will be recorded as deposit liabilities as of date of receipt or withholding.

(2) Such liabilities will be relieved by payment upon proper written authority of a designated official.

G. Costs- Goods and services received are charged to costs upon receipt; insofar as nonexpendable property is concerned, it is considered that no significant benefit would be derived by recording depreciation over the life of the property; the value of expendable goods on hand (office supplies) as of any date is too slight to warrant deferring the cost charge until the time of actual consumption.

H. Income - Collections or receivables representing reimbursements to the appropriation will be recorded when collected or when due, as appropriate.

7. The following principles and policies will be observed in the preparation of financial reports both for internal management purposes, and for the use of others:

A. Reports will disclose all essential financial facts for the period covered and such other data as have an immediate and direct bearing on financial operation and condition.

B. Reports will be issued promptly.

C. Legal requirements relating to preparation and issuance of reports will be observed.

D. All financial transactions for the periods covered will be included; data applicable to a prior period will be so identified, if material.

E. Data will be reported on a consistent basis from one period to another. If deviations become necessary, they will be adequately explained and their effect on financial condition and financial operations will be pointed out.

F. Common terminology will be employed for terms having Governmentwide application.

G. Data in each report will be based on adequate accounting support.

Section III

CHART AND DESCRIPTION OF ACCOUNTS

A - CHART OF ACCOUNTS

Assets

106 Appropriated Funds with Disbursing Officer -
 Disbursing Funds

113 Disbursing Officer - Special Deposits

144 Advances - Travel of Personnel

152 Accounts Receivable

170 Equipment

Liabilities and Invested Capital

303 Accounts Payable

305 Accrued Annual Leave

310 Unapplied Special Deposit Collections

370 Equipment Reserve

450 Invested and Donated Capital

Budgetary

500 Unapportioned Appropriations

505 Unallotted Apportionments

510 Unobligated Allotments

520 Unliquidated Obligations

530 Expended Appropriations

 530.1 Cash

 530.2 Payable

531 Reimbursements to Appropriations

Expense and Income

600 Current Costs
650 Operating Reimbursable Earnings

Retirement

710 Reciprocal Account - Civil Service Commission
711 Retirement Deductions - Prior Periods
713 Retirement Deductions - Current Calendar Year

B - DESCRIPTION OF GENERAL LEDGER ACCOUNTS

Assets

106 - Appropriated Funds with Disbursing Officer - Disbursing Funds

These accounts represent the amount under each appropriation or fund which is available for disbursement and are reconcilable with related balances on the records of the Treasury. A separate account will be maintained for each appropriation or fund for which the Council has an available balance.

113 - Disbursing Officer - Special Deposits

These accounts represent the amounts deposited with the Treasury for settlement of Federal income taxes, U.S. Savings Bonds, District of Columbia income taxes withheld from employees and monies held in suspense awaiting more positive accounting treatment. A separate Treasury account symbol will be maintained for each deposit account.

144 - Advances - Travel of Personnel

This account represents advances made to Council employees to cover expenses of travel to be performed. It will be supported by subsidiary indebtedness records for each individual employee.

152 - Accounts Receivable

This account represents amounts owed to the Council for goods, services or property furnished to others.

170 - Equipment

This account represents the cost of equipment, furniture and fixtures, and other nonexpendable property owned by the Council. Donated equipment will be capitalized at estimated depreciated cost at the time of acquisition. This account will be supported by subsidiary records showing the description, cost and other essential data.

Liabilities and Invested Capital

303 - Accounts Payable

This account represents amounts owed by the Council to others including other Government Agencies for goods or services received. This account will be used to accrue liabilities as they become due and payable and will be supported in detail by an accounts payable register.

305 - Accrued Annual Leave

This account represents as of the end of each fiscal year the value of accrued annual leave to the credit of employees of the Agency.

310 - Unapplied Special Deposit Collections

This account represents the Council's liability for amounts placed in the Disbursing Officer's Special Deposit Account for settlement of Federal income taxes, U. S. Savings Bonds, and District of Columbia income taxes withheld from employees, and monies held in suspense awaiting more positive accounting treatment. Appropriate subsidiary records will be maintained for the items reflected in this account.

370 - Equipment Reserve

This account represents a 100% reserve for the balance in the Equipment Account.

450 - Invested and Donated Capital

This is a clearing account for the purpose of closing accounts 530, 531, 600, and 650 at the end of each fiscal year, regardless of fiscal year.

Budgetary

500 - Unapportioned Appropriations

This budgetary account represents the amount available for apportionment under each appropriation or fund. A separate account will be maintained and identified by appropriate symbol for each appropriation or fund.

505 - Unallotted Apportionments

This budgetary account represents the amount available for allotment under each appropriation or fund. A separate account will be maintained and identified by appropriate symbol for each appropriation or fund.

510 - Unobligated Allotments

This budgetary account represents the unobligated balance of allotments from appropriated funds. Details of all transactions will be recorded in the Allotment Ledger to be established and maintained in support of the general ledger accounts. A separate account will be maintained and identified by appropriate symbol for each appropriation or fund.

520 - Unliquidated Obligations

This budgetary account represents the total unliquidated obligations under allotted funds. Details of all transactions will be recorded in the Allotment Ledger to be established and maintained in support of the general ledger accounts. A separate account will be maintained and identified by appropriate symbol for each appropriation or fund.

530 - Expended Appropriations

Two separate accounts will be maintained for each appropriation or fund to reflect the amount of accumulated expended appropriations during each fiscal year representing "cash" and "payable" expenditures, as follows:

530.1 - Cash - Cash expenditures represent payments in liquidation of accounts payable previously recorded as expenditures and payments in liquidation of obligations not previously liquidated by establishment of accounts payable.

530.2 - Payable - Payable expenditures represent those amounts for which accounts payable have been established which have not yet been settled.

531 - Reimbursements to Appropriations

This budgetary account represents the total reimbursements to the appropriation for services rendered, material and supplies furnished to others. A separate account will be maintained for each appropriation.

Expense and Income

600 - Current Costs

This account represents all costs incurred during the current fiscal year. This account will be supported by subsidiary records maintained in detail by sub-object class.

650 - Operating Reimbursable Earnings

This account represents monies received or receivable for goods, services, or property for which the Council is legally entitled to reimbursement.

Retirement

710 - Reciprocal Account - Civil Service Commission

This account represents the accumulated retirement payroll deductions of current and prior years made from employees earnings and deposited in the United States Treasury to the credit of the Retirement and Disability Fund.

711 - Retirement Deductions - Prior Periods

This account represents the accumulated amount of Civil Service retirement deductions in prior years to the credit of the employees of the Council. A single account will be maintained for all of the prior period deductions of Civil Service employees regardless of the appropriation or funds to which their salaries are charged. The account will be supported by individual retirement records, S.F. 2806.

713 - Retirement Deductions - Current Calendar Year

This account represents the amount of Civil Service retirement deductions entered on individual earnings records during the current year. A single account will be maintained for all of the current calendar year deductions for Civil Service retirement regardless of the appropriation or funds to which their salaries are charged. The account will be supported by Individual Pay Records, S.F. 1295.

Section IV

ACCOUNTING CONTROL OF FUNDS

A - BUDGETARY ACCOUNTS

1. Budgetary control accounts for appropriations and funds will be maintained in the General Ledger and supported by subsidiary allotment ledger accounts.
2. The accounting will be on an accrual basis and will provide a realistic approach to a cost based budget for the Council.
3. The appropriation will be allotted on a quarterly basis.
4. Miscellaneous recurring obligations will be recorded on a monthly basis and other specific obligations will be recorded as they occur.
5. The obligations will be liquidated by the establishment of accounts payable, cash payments, or by cancellation.
6. The accounts payable will be liquidated by the payment of cash or by properly authorized adjustments.
7. Copies of the allotment ledger account will be transmitted to the Budget Officer of the Council each month for transactions of the prior month.

B - GENERAL ACCOUNTING

1. General accounting for funds will be accomplished through the use and maintenance of the various subsidiary records and books of original entry to be established for detail support to the general ledger accounts.
2. Books of original entry will be summarized and posted to the general ledger control accounts on a monthly basis.
3. Liabilities for goods and services received, including liabilities for goods and services for which no bills have been received as of the end of the month, will be recorded in the accounts payable register in the month in which they are received in order that the accounts will be maintained on a current basis at all times.
4. Appropriation warrants will be recorded on the basis of actual receipt.
5. Cash receipts will be placed under immediate control.
6. Cash disbursed will be recorded on the basis of paid schedules and as of actual paid date.
7. The U.S. Treasury Department, Division of Disbursement, will perform all disbursing functions for the Council.
8. Documented vouchers and schedules will be used to support recordings of the disbursement of cash.

Section V

PROPERTY ACCOUNTING

The accounting for property in the Council will be accomplished by the establishment and maintenance of general control accounts for Equipment and Equipment Reserve. A physical inventory of the property of the Council will be taken annually.

A perpetual inventory shall be recorded on detailed subsidiary property record cards on a line item basis showing the description, quantity and carrying value of the property items. Nonexpendable items of property having a unit value of \$10.00 or less will be considered as expendable property and the value of such items will not be included in the value of the property to be controlled. A "Material Card" form shall be used as the detailed subsidiary property record card for the N.S.C. property.

New acquisitions will be recorded at actual cost based upon receiving reports and the individual line item property record cards will be adjusted after each acquisition to reflect the revised average cost of the property item. Actual cost for this purpose shall represent the billed cost of the item or items plus taxes, less discount allowed and taken, plus delivery and installation costs, which if separately billed, shall be added. The acquisition of property for which payment must be made shall be recorded by debit to "Equipment" and credit to "Accounts Payable" with a concurrent debit to "Current Costs" and a credit to "Equipment Reserve", thus establishing a 100% reserve. The value of donated property is expected to be so slight as to make little significance in the cost budgets. Therefore, any donated property will not be run through the cost accounts but will be reflected by debiting "Equipment" and crediting "Equipment Reserve".

Decreases in the carrying value of equipment resulting from disposition of property will be recorded by a debit to "Equipment Reserve" and credit to "Equipment" and appropriate entries will be made to record accounts receivable when applicable.

Differences found to exist between physical and perpetual records will be itemized on a "Report of Inventory Adjustment" form and presented to the Executive Secretary of the Council for administrative authority to record the necessary adjustments.

Section VI

REPORTS

Reports on the financial condition of the Council will be prepared periodically. Such reports must be current and accurate to be of benefit to management. The reports will include:

1. General Ledger Trial Balance - Internal - The trial balance will be taken monthly after all postings to the accounts have been made.
2. Monthly Statement of Allotments, Obligations and Expenditures by Object Classes. This report will show balance of unobligated allotments; it will also show the analysis of the component parts of this balance, namely, unliquidated obligations and expenditures by object class.
3. Report on Budget Status - S.F. 133. Report prepared on an obligation basis for submission monthly to the Bureau of the Budget, Treasury Department and internally as required by Bureau of the Budget Circular No. A-34.
4. Report under Section 1311 of Public Law 663, as of 30 June each year, on or before 30 September, as required by 7 GAO 2500, 7 GAO 1000, and 7 GAO 2000.
5. Other financial reports will be prepared as required.

Section VII

EXHIBITS

NOTE

The monetary figures utilized within these exhibits generally have no relation to actual charges or credits of the National Security Council.

The amounts used were chosen at random and only help indicate the mechanical advantages of the proposed method of record keeping.